

## Purchasing Additional Service Credit

Alabama state law allows active members to purchase service credit for certain types of past employment. Purchasing service credit may increase the amount of your retirement income or allow you to retire sooner.

To purchase service credit, the member must ensure proper certification of the service. Request the appropriate certification form by contacting the TRS or downloading the form from our Web site. Have the form completed by an official record keeper where the service was performed. Then return the completed certification form to the TRS.

### ***Military Service in the U.S. Armed Forces***

- During an active member's **first year** of participation in the TRS, he or she may purchase up to four years of eligible military service provided the member has had no previous period of eligibility. Eligible service includes honorable service in the U.S. armed forces for which the member is not currently receiving service retirement benefits from any branch of the U.S. armed forces, or from any other source other than benefits received exclusively as payment for a service connected disability. Weekend service and summer camp service with the National Guard and Reserves are not eligible to be purchased as creditable service.

To purchase this service, a [STATEMENT OF MILITARY SERVICE](#) form must be completed and submitted to the TRS. Military documentation that verifies the periods of military service and character of service must be provided. Examples of documentation include DD Form 214 and discharge notification. The cost to purchase military service in the first year is four percent of the average salary paid to a teacher during each year of claimed service plus eight percent interest compounded from the last date of service to the date of payment. The full amount must be paid in a lump-sum for all active duty time up to four years.

- The next opportunity to purchase military service will be after accumulating **10 years of creditable service** and will cost substantially more.

Once an active member of the TRS has accrued 10 years of service, he or she may purchase up to four years of active military service if not purchased during the first year of participation. Eligible service includes honorable service in the U.S. armed forces for which the member has not received credit for such service toward retirement status in the TRS, ERS or any other public pension fund. Weekend service and summer camp service with the National Guard and Reserves are not eligible to be purchased as creditable service.

The cost of purchasing credit for military service after ten years of service will be the full actuarial cost. The full actuarial cost is based on the member's life expectancy, salary, and earliest date eligible to begin receiving retirement benefits. This service must be purchased prior to the member's retirement.

### ***Restoration of Withdrawn Service Credit from the RSA***

After completing two years of contributing service, any member who previously participated in either the TRS or ERS and withdrew his or her contributions may restore the previously canceled creditable service. The withdrawn service cannot be service credit established with any other public retirement system.

The cost to purchase the withdrawn service is the amount previously withdrawn plus eight percent interest compounded from the date of withdrawal to the date of payment. The total withdrawn amount

must be paid in a lump-sum and made prior to termination of employment. A member may request a STATEMENT OF WITHDRAWN SERVICE from the TRS or download from our Web site.

### ***Maternity Leave Without Pay***

An active member (male or female) of the TRS may purchase up to one year of credit for each period of maternity leave without pay. The member cannot purchase credit for any period of maternity leave that he or she already has credit for in the TRS.

The cost to purchase this service is the full actuarially determined cost. Payment must be made no later than June 30 of the calendar year following the expiration of maternity leave without pay.

### ***Out-of-State Public Service***

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service and transferred ERS service, may purchase up to ten years of out-of-state public service. The service to be purchased must have been credited under another public retirement plan, but cannot qualify the member for any benefits under any other public plan. This service may be purchased in increments of one year. The cost of purchasing credit for out-of-state public service is the full actuarial cost. The purchase must be completed prior to the member's retirement.

### ***TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps***

This service may be purchased under the same conditions as out-of-state public service. However, a member can only purchase up to eight years of Alabama public service.

### ***Department of Defense Dependent School Service***

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service, may purchase credit for service as a regular employee of a school operated by the U.S. Department of Defense. This service must have occurred prior to April 25, 1990. Eligible service cannot include service credited to another plan. This service may be purchased in increments of one year at the full actuarial cost. The cost is the full actuarial cost and must be made prior to retirement.

### ***Sources of Funds***

Members of the TRS who are purchasing any type of permissible service as outlined previously in this section may do so by rolling funds from tax deferred savings plans such as tax sheltered annuities (IRC 403(b)), governmental deferred compensation plans (IRC 457) like RSA-1, IRAs (IRC 408), or qualified plans (IRC 401). This includes funds in your RSA-1 account.

The member may have these funds transferred directly from the other plan to the TRS and avoid paying tax at the time of transfer, any early distribution penalty, or required withholding. The necessary form will be provided to members when they are notified of the cost for any service purchases.

**Note:** Eligibility for and cost of all service purchases are based on the provisions of law in effect at the time of purchase.